

CHINA:  
FUTURE PARTNER OR STRATEGIC ADVERSARY?

A Research Paper

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Security Studies

by

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## *Preface*

The end of the Cold War left the United States as the predominant world superpower. However, rapid East Asian economic growth merits attention as its destiny will be intertwined with ours. This project involved a literary search of relevant material to discover China's strategic centers of gravity, examining factors affecting United States-China relations by using China's past culture and history as a lens toward its future. China's continued growth requires a capable work force, reliable energy supplies, acceptance of world economic accounting practices, and a modern infrastructure. Economic data is mentioned where appropriate, acknowledging limitations to accuracy (e.g., actual vs. reported production in provinces or data which may or may not include Hong Kong). This paper also discusses arms control issues and their effect on our foreign affairs.

In writing this paper, I thank God for giving me strength, and my family for their understanding. I thank my Air Command and Staff College faculty research adviser, Major Mark Wheeler, USMC, for his comments and advice. I especially thank Major Jim Robinson, SAF/IAP, who was most helpful during a visit to the Pentagon. I also thank Ms. Diana Heerdt for rushing my TDY orders and processing INSS fund cites for travel to Washington, D.C. Last but definitely not least, the Maxwell Air Force Base Air University Library staff was extremely helpful through their professionalism in locating current materials.

### *Abstract*

China is poised to become the world's foremost economic power in the twenty-first century. With its burgeoning economic trade surpluses, it poses a security dilemma as it sets upon a course of military modernization. East Asian nations have begun a naval arms race to protect their interests, namely energy and economic sea lines of communication. This places the United States at a crossroads leading either to an economic partnership or adversarial relationship as China's political leadership reorganizes after Deng Xiaoping's death.

The United States should transition away from Cold War nuclear paradigms. China's history and culture frame current political values which assist economic negotiations, or deterrence. China is interdependent on energy sources to fuel its growing economy, which will in turn satisfy its population. It will therefore seek a stable regional environment.

China's rise as a great economic power is countered by its population growth, communist philosophy of state ownership, incomplete economic reform, shortages of arable land, lagging infrastructure, and unchecked industrial pollution. The United States should continue to engage China but tie economic and technological assistance to political reform. Chinese military modernization gives a very limited capability in projecting offensive strategic power in the near future. China's continued economic development is perhaps the greatest force towards maintaining a peaceful relationship.



## Chapter 1

### Future Chinese Cornerstones

*China shares with the imperial Germany of 1900 "the sense of wounded pride and the annoyance of a giant that has been battered and cheated by the rest of the world."*<sup>1</sup>

— Nicholas Kristof  
New York Times Correspondent

Capitalism flourishing within a communist society was unheard of three decades ago. Yet, today this occurs along the coast of the People's Republic of China (PRC), attracting one hundred million people from agrarian to industrial communities.<sup>2</sup> Four cornerstones are needed to stabilize a population migration approximately the size of Japan within a country of 1.2 *billion* people. First, China needs sustained economic growth for its citizens. Second, a modern infrastructure needs to be constructed including new highways, seaports, airports, telecommunications, and energy facilities. Third, new energy sources are needed. Fourth, an export market must exist to absorb manufactured goods. However, China is not alone in the West Pacific. Japan, Singapore, and South Korea are already economic and industrial marvels. How will China protect its interests and project power with regard to its neighbors, and will there be cooperation or confrontation with the United States?

With the end of the Cold War, the United States must break the strategic paradigm of force-on-force relationships. We must learn to examine economic and information

relationships between nations, recognize sensitive issues and identify strategic centers of gravity. Understanding Chinese history and culture is a crucial first step before engaging China economically, politically or militarily. The United States must comprehend the forces affecting the Chinese government today *and* speculate twenty years into the future. Economic development will be the main factor in China's future. Regional economics will impact diplomatic relations, arms control, human rights issues and energy sources. We must understand China's ambitions and national objectives, their approach toward U.S. policy, and their sensitive issues before charting a course of economic partnership. These issues are discussed in chapters 3 and 4, respectively. Chapters 5 and 6 discuss deterrence to avoid active use of the military instrument of power should Sino-U.S. relations deteriorate. Based on the research conducted, this paper concludes with the author's opinion for what lies ahead for China and the United States.

#### Notes

<sup>1</sup> Kent E. Calder. *Pacific Defense*. William Morrow and Company, New York, 1996, p. 121.

<sup>2</sup> Helen E. Purkitt. *World Politics 96/97*, Guilford, Connecticut: Dushkin Publishing Group, 1996, p. 109.

## Chapter 2

### Chinese History and Culture

*While understanding purposes and objectives does not guarantee victory,  
failing to understand them virtually guarantees defeat..*

—Seabury and Codevilla,  
*War: Ends and Means*

Understanding Chinese history and culture is important if we are to predict Chinese intentions in the future. Misperceptions can be avoided by reviewing modern Chinese history. Historically, the Chinese have considered themselves superior, as observed by the first Europeans to visit China. China considered itself the “Middle Kingdom,” between heaven and earth. By the early nineteenth century, Great Britain, France, Holland, and the United States actively traded in China but were confined to enclaves and forced to deal with government monopolies. Westerners were frustrated by this confinement, the emperor’s unwillingness to make concessions, and a lack of Chinese demand for Western products - until the advent of the opium market. The East India Company kept their Indian and Chinese workers subdued by encouraging their addiction to opium.

An Opium War between China and Britain erupted in 1839 after Chinese official Lin Zexu ordered the destruction of 20,000 chests of illegal Indian opium stored in Canton warehouses. The Treaty of Nanjing in 1842 ended the first Opium War. China ceded Hong Kong to Britain and foreigners received special privileges, immune from Chinese

law, in the cities of Amoy, Canton, Foochow, Ningpo, and Shanghai. China paid \$21 million in indemnities and was forbidden to impose any tariff above five percent. The second Opium War began in 1856 and ended with the Treaties of Tientsin in 1858. China agreed to open more ports to Britain, France, the United States and Russia.<sup>1</sup> By 1860, China had been invaded and militarily defeated, forced to accept unfair treaties, and opened to ever-larger opium imports, thus beginning a period known as the "century of humiliation."

Internally, Western religion, Chinese tradition and the collapsing Manchu dynasty led to the Taiping Rebellion, a civil war claiming over 15 million Chinese lives from 1851 to 1864.<sup>2</sup> Western nations supported the Manchus after learning the Taiping's wanted to reduce Western influence. The Manchu dynasty continued until 1911 only with European support.

Regionally, China lost territory and sovereignty during the "century of humiliation." Japan defeated China in the 1895 Sino-Japanese War and acquired the Ryukyu Islands. Between 1860 and 1864, treaties gave Russia 483,000 square miles. France took Indochina; Great Britain moved into Pakistan. Chinese humiliation grew into rage resulting in attacks on Christian missionaries and traders in 1900 by the Society of Harmonious Fists, or "Boxers." Foreigners were besieged for two months until Western states, including the United States and Britain, landed troops and marched to Beijing. The Peace of Beijing ended the Boxer Rebellion and China again paid indemnities to world powers. In the early twentieth century, eighty Chinese ports were treaty ports serving as centers of trade, Western culture, religion, graft, and corruption. All Western nations had most-favored-nation clauses inserted into treaties with China which retarded Chinese

industries. Daniel Papp writes, "Foreigners had free reign throughout China as Europeans and North Americans alike pursued profit and wealth through an 'open door' policy of free and open access."<sup>3</sup>

Chinese warlords reigned from 1911 until 1928, with Chiang Kai-shek leading Dr. Sun Yat-sen's Kuomintang party. During this time, Japan pressed lop-sided commercial demands on China (1915) and U.S. forces landed in Shanghai (1925) for two months to protect American nationals. The Soviet Union infiltrated and supported Chiang until April 1927, when Chiang turned on his communist allies and killed 40,000 communists in one month. Mao Zedong escaped this purge.

The Kuomintang and communists joined forces to defeat a larger enemy, Japan, in 1937. After Japan's defeat, these two rivals again attacked each other during another civil war lasting until 1949. When Mao died, Deng Xiaoping charted China's course and focused on Four Modernizations: agriculture, industry, science and defense. Deng's reforms were economic, not political. However, a seed had been sown, watered by the "Gorbachev Revolution."<sup>4</sup> Ultimately, student demonstrations demanding political reforms swept China until in June 1989, millions of Chinese students and workers marched in the streets of almost every major Chinese city. Unaccustomed to dissent, the Chinese government resorted to Mao's belief that, "Political power grows out of the barrel of a gun."<sup>5</sup> They decided to send troops with orders to shoot. The result - Tiananmen.

As Deng implemented later economic reforms, he was aware of Gorbachev's experience and pursued a very cautious, gradual, and serial approach. He implemented politically risk-free rural reforms that doubled income and put more food on urban tables. He welcomed foreign investment which created jobs, provided technology and expanded

the tax base.<sup>6</sup> Furthermore, Deng had an advantage Gorbachev never enjoyed: China is more cohesive and unified, being 90% Han Chinese.<sup>7</sup>

Chinese leaders supported economic liberalization by providing the tools for modernization but not the resultant political modernization. Tony Saich writes, "Deng Xiaoping and his supporters never intended that liberalization of the regime's previous practice should lead to genuine democratization. The liberalization measures were seen as necessary to produce sufficient economic progress to ensure that the party would remain in power."<sup>8</sup> Now that the Chinese are experiencing the luxuries of economic growth, the Chinese Communist Party is finding it difficult to retain control and still maintain growth. While the central government continues to maintain control over defense procurement and arms sales, other economic decisions are being made at provincial or local levels.

In spite of China's overall economic strength, 119 of its provinces reported a per capita income of less than \$43; one-fifth of China's peasants were without electricity, and one-tenth were not served by public roads.<sup>9</sup> By Western standards, this is contrary to a giant economic power. However, according to former ambassador J. Stapleton Roy, by Chinese standards, "the last 15 years are the best 15 years in China's modern history."<sup>10</sup>

Chinese history was outlined to help predict China's future. Kent Calder, in *Pacific Defense*, states, "China rarely has been aggressively expansionist....Yet a complex domestic equation, with factors including growth, energy shortage, domestic social transformation, and generational leadership change, is causing China to project outward in unsettling new ways."<sup>11</sup> Observing and orientating ourselves to Chinese values and political inclinations can aid in predicting China's future intentions.

China is wrapped in a shroud of Confucianism and communism which combines traditions of benevolence and wisdom with a legacy of repression and conformity. This has led to central autocratic rule of an uneducated majority by a minority elite educated in morality. In the past, Chinese primary education focused on obedience to the state. China now suffers from an undereducated population as it modernizes. China recognizes the need for Western assistance and views the United States as a major trading market, a key source of technology and knowledge, and the educator of thousands of Chinese engineers and scientists.<sup>12</sup>

China's primary foreign policy objective is the maintenance of a placid regional and global environment conducive to the successful implementation of domestic reform and the creation of a strong, modern economy.<sup>13</sup> Chinese attitudes toward the United States reflect ours, one is cooperative and the other is hard line. Both China and the U.S. broached sensitive issues during the past two years. The Chinese leadership does not understand that adopting international economic standards and practices is common sense. It flagrantly violates copyright and intellectual property issues important to the West.<sup>14</sup> Congressional consensus to allow Taiwan's President Lee to visit Cornell University in 1995 likewise irritated China and shifted opinion in favor of the hard liners, who then relaxed intellectual property rights restrictions within China, among other retaliations.

Urban Chinese citizens today consider themselves more as individuals than as subjugated elements of the masses of the People's Republic.<sup>15</sup> It is doubtful the current political structure can sustain economic growth into the future as the population demands more liberties and the central government contends with severe income inequality, insufficient government income, and rampant corruption.<sup>16</sup> Local governments are

becoming more independent. Communist ideology is no longer the binding force of the country. However, a government attempting democratic consensus among 1.2 billion people with no tradition of federalism will have a formidable, but not impossible task.

The potential destabilization upon Deng's death has yet to emerge among Chinese leaders, who have no connection with their country's weaknesses in the early twentieth century nor the political base of Mao or Deng. To date, Jiang is committed to economic and human rights progress. One must remember, though, that Mao's heir, Hua Guofong, was swept aside by Deng Xiaoping. Jiang's ability to build a consensus will be put to the test this fall in the Communist Party's 15<sup>th</sup> Congress. Deng's death did not signal any immediate changes in U.S. policy toward China since Jiang Zemin already held the most powerful positions, such as chairman of the Communist Party, state president and leader of China's armed forces.<sup>17</sup>

In my opinion, future Chinese actions will be based on regaining the self-respect lost during the "century of humiliation." China will continue to build a strong economy, seek regional power and expect lesser nations to "kow-tow" in an attempt to regain the pride lost during its commercial exploitation in the nineteenth and early twentieth centuries. The current Chinese government will compromise when it must, but otherwise use its immense economic power and size to intimidate its neighbors.

#### Notes

<sup>1</sup> James Trager, *The People's Chronology*, Henry Holt and Company. CD-ROM, Microsoft Bookshelf '95, 1994.

<sup>2</sup> Daniel S. Papp, *Contemporary International Relations*, New York: Macmillan Publishing Co., 1994, p. 350.

<sup>3</sup> Ibid., p. 351.



## Notes

<sup>4</sup> Ibid., p. 354.

<sup>5</sup> Roger B. Jeans. *Roads Not Taken, The Struggle of Opposition Parties in Twentieth-Century China*. San Francisco: Westview Press, 1992, p. 332.

<sup>6</sup> Calder, op. cit., p. 108.

<sup>7</sup> Khalizad, op. cit., p. 213.

<sup>8</sup> Tony Saich. "The Search for Civil Society and Democracy in China," *Current History*, May 1994, Vol. 93, No 583. Air Command and Staff College Strategic Environment Coursebook, Maxwell AFB, AL: Air University Press, 1996, 133.

<sup>9</sup> Lt. Col. John C. Bedford. "Peoples Republic of China: U.S. Trade Partner or Threat to Our National Interests." Strategy Research Project. US Army War College, Carlisle Barracks, Pa., 1996, p. 9.

<sup>10</sup> Patrick E. Tyler, "Deng Xiaoping, Leader Who Turned China Toward Capitalism," *New York Times*, 20 February 1997, America Online, 22 February 1997.

<sup>11</sup> Calder, op. cit., p. 105.

<sup>12</sup> Zalmay Khalizad. *Strategic Appraisal 1996*, Santa Monica: RAND, 1996, p. 188.

<sup>13</sup> Ibid., p. 197.

<sup>14</sup> Lt. Col. Donald G. Croom. "Taiwan and China Unification Crisis...Danger or Opportunity for the United States?" Strategy Research Project. US Army War College, Carlisle Barracks, Pa., 1996, 12.

<sup>15</sup> Saich, op. cit., p. 136.

<sup>16</sup> Khalizad, op. cit., p. 194.

<sup>17</sup> Steven Lee Myers, "U.S. Sees Few Changes in Chinese Relations," *New York Times*, 20 February 1997, America Online, 22 February 1997.

## Chapter 3

### Chinese Military and Economic Objectives

*China seeks to become a world superpower on its own terms; both its military and strong economy will play important roles in achieving superpower status.<sup>1</sup>*

—Lt Col John C. Bedford

Understanding Chinese history and culture provides insight to China's objectives. Understanding China's objectives provides the foundation for economic partnership or the center of gravity for conflict. China's strategic objective is a "Rich State, Strong Army."<sup>2</sup> There are three instruments of power: political, military and economic. In my opinion, information is not a fourth instrument of power but an umbrella over the first three instruments. This chapter discusses how the military and economic objectives support the political objective of maintaining communist control, and are the essence of a "Rich State, Strong Army."

China is steadily modernizing its armed forces and flexing its power, perhaps in anticipation of protecting sea lines of communication or for acquiring new energy resources. Gerald Segal writes in *World Politics 96/97*, "Leaving aside the validity of China's [territorial] claims, Beijing's regular resort to force in seizing islands appears designed to signal that China will be ruthless in taking what it claims to be rightfully its own. Only the limits of China's military capability and its calculation of political

opportunity appear to temper this strategy.”<sup>3</sup> Colonel Bedford lists six specific objectives.

The first four support this chapter’s focus on military and economic objectives. He believes China will:

1. Seek control of the South China Sea area;
2. Take control of the Spratly Islands when militarily capable;
3. Exploit newly acquired natural resources to fuel its economy and improve its standard of living;
4. Dominate the Southeast Asian peninsular region of Burma, Thailand, Laos and Cambodia - isolating Vietnam;
5. Export missile technology to nations not supported by the West, destabilizing the Middle East and diverting U.S. attention from Southeast Asia;
6. Dissuade Korean reunification to maintain the Korean buffer.<sup>4</sup>

The first four objectives also support the cornerstones of economic growth, new energy sources and export markets. The fifth and sixth objectives support China’s need for self-respect and regional leadership, mentioned at the end of chapter two. Since the United States cannot be involved in every world conflict, we must decide where our strategic interests differ with China’s and when we will act.

Desert Storm was a wakeup call to the People’s Liberation Army (PLA). Perhaps the biggest change resulted in abandoning the People’s War concept of a protracted war of attrition against a massive conventional invasion as a credible strategy of defense. The Chinese leadership was impressed by precision-guided munitions; stealth technology; airborne command and control systems; coordinated large-scale naval, air, and land attacks; multifaceted night warfare capabilities; and the effective use of rapid deployment and special commando units.<sup>5</sup> Learning from Desert Storm, China upgraded its defense forces with 72 Su-27 fighters, Il-76 cargo aircraft, French antiaircraft radar, Patriot missile technology, Israeli air refueling technology and antisubmarine sonar systems. However, China still lacks supersonic fighters with all-weather air-to-air combat abilities, over-the-

horizon radar, and advanced submarine capability.<sup>6,7</sup> Supposedly, it will take 15 to 25 years for China to attain a truly modern and capable force structure able to challenge U.S. military presence in the region.<sup>8</sup> Present Chinese security policy reflects four shifts in military thinking. The first is to regional armed conflict vice world strategic war. The second is rapid reaction capabilities vice general mobilization. The third is local warfare under high technology conditions vice global nuclear warfare. The fourth is streamlining the military establishment with emphasis on quality not quantity, vice arms expansion and war preparation.<sup>9</sup> As stated, these four shifts in military thinking are reflected in China's current force modernization. The Chinese navy and air force are expanding to protect China's growing trade routes. They are increasingly concerned that their efforts at military modernization and economic development will lead to an anti-China coalition among many Association of East Asian Nations (ASEAN).<sup>10</sup> Colonel Bedford writes, "China needs only sufficient military strength to be the predominant regional leader and sufficient nuclear weapons to deter interference from powers like the U.S. and Russia. With the collapse of the Soviet Union and the reduction of U.S. forces, China could be victorious in a regional contingency if it could avoid or forestall great power intervention beyond ineffectual diplomatic protests."<sup>11</sup> Contrary to Gerald Segal's earlier quote, China has deliberately challenged US aircraft-carrier battle groups in international waters in the past.<sup>12</sup> China is also struggling with a mid-air refueling capability, which when attained will assist in power projection.<sup>13</sup> While it may be 15 to 25 years before China has a modern operational capability, PLA modernization must be closely monitored.

Chinese economic potential poses a moral dilemma for the US: whether to watch China become a global rival or wait for democratization and decentralization to produce a

cooperative China.<sup>14</sup> James Lilley and Wendell Wilkie, in their pro-China book *Beyond MFN*, cite Chinese demand for over \$200 billion in imports over the next two years in U.S. strengths such as aerospace, telecommunications, and computers.<sup>15</sup> Despite the difficulties of finding a host partner in dealing with the Chinese government and the high capital investment of leaving technology behind in China, the immense size of the Chinese economy is simply too tempting for foreign investors. China needs Western technology for industrial modernization in Manchuria, its "rust belt." The two northern provinces of Heilongjiang and Jilin (Figure 1) have problems with outmoded industrial bases and excess workers. Calder estimates one third of all jobs in such Manchurian enterprises are currently surplus.<sup>16</sup> Therefore, energy efficient modernization is vital to China's growth.

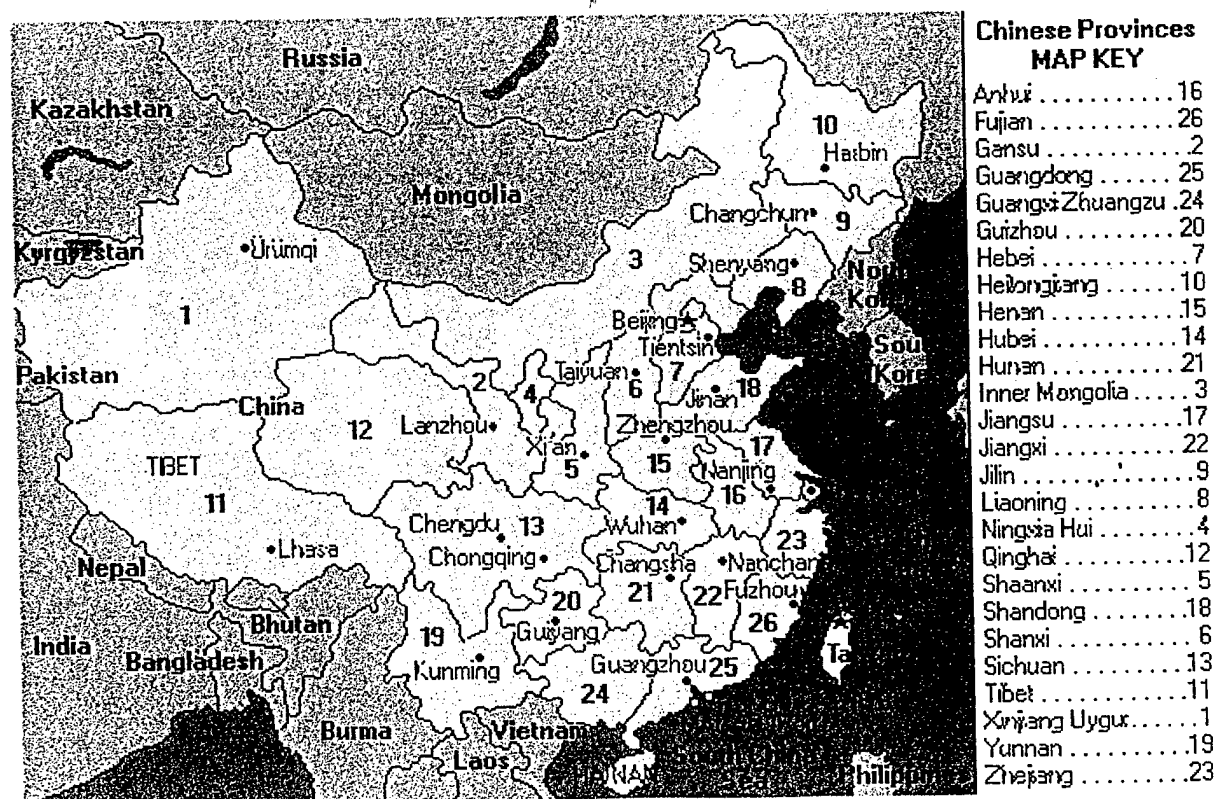


Figure 1<sup>17</sup>

Potential energy resources include oil, coal, and hydroelectric power, all within China and all with drawbacks. Chinese oil imports total \$2.1 billion per year, a net -4.6% oil import dependency.<sup>18</sup> The stagnating Taching oil fields account for 80% of China's proven reserves and 90% of its current output. There are huge reserves in the Tarim Basin of western Sinkiang close to the Russian border, which could top Saudi Arabia's reserves. However, these fields are twice as deep as Saudi Arabia's and are in very old geological formations. They would require Western drilling technology and a modern infrastructure to overcome their remoteness - the pipeline alone could cost up to \$12 billion.<sup>19</sup> China has the third largest proven coal reserve in the world, but China is already the second largest producer of greenhouse gases on earth.<sup>20</sup> The Three Gorges Dam project has the potential to generate the equivalent of 10 nuclear power plants. However, foreign capital investment difficulties and the long lead time will do little to alleviate China's energy situation during the next 10-20 years.<sup>21</sup> Therefore, Chinese oil, coal, and hydroelectric energy resources are not readily abundant. Liquefied Natural Gas (LNG) may provide energy relief. Since Russia has an estimated 20% of all oil and 39% of all gas within its borders,<sup>22</sup> capital investment into the older Siberian fields *may* produce a symbiotic relationship between Russia and energy-starved East Asian countries. It is not known whether China considers Russian investment less expensive than internal infrastructure costs.

Energy is clearly one of the economic objectives in China's future. The East Asian reserves-to-production ratio of 18 years is below the world average of 46 years and the Middle East average of 104 years.<sup>23</sup> The maritime continental shelf adjacent to China will

be the source of increased energy resource competition between Western Pacific nations, possibly becoming the catalyst for a balance-of-power conflict.<sup>24</sup>

Another economic objective is China's integration into the world economy. Lilley and Wilkie again take a pro-China stance in advocating China's inclusion into GATT and depoliticizing MFN renewal status as a human rights lever. They claim the United States already grants MFN status to 182 nations, including Syria and Libya, countries not noted for their respect of human rights.<sup>25</sup> Columnist George f. will believes MFN opponents focus on human rights violations because they enjoy standing on this rhetorical high ground. He cautions against a foreign policy which makes one feel good, since catharsis is not a natural interest. It is unclear how denying MFN status to China would benefit the Chinese population or the human rights advocates already in China.<sup>26</sup>

A third economic objective is to reform and privatize state enterprises that presently slow competitiveness in heavy industries and high technology markets. Entrepreneurial growth will be hurt without easier access to capital.<sup>27</sup> China's double digit growth could reach a plateau unless its 100,000 state enterprises improve management, stop absorbing 70% of bank lending, and lower losses and bad debts from the present level of 40%.<sup>28</sup>

There are several causes for concern with the Chinese economy. Although World Bank officials predict China will have the third largest economy by the turn of the century and the largest by 2020, weak links include environmental pollution, domestic social stability, and the ability to provide the necessary infrastructure.<sup>29</sup> Lilley and Wilkie state, "Neither Confucian nor the Communist visions of society have much appeal today. Nationalism and consumerism have replaced them."<sup>30</sup> Perhaps allowing China to thrive economically may be the force that erodes the authoritarian government.<sup>31</sup>

The United States should view China as an opportunity. China's new prosperity is based on interdependence with the outside world.<sup>32</sup> China will need Western assistance in developing a modern infrastructure, training workers to think innovatively, and providing an export market.<sup>33</sup> It is prudent for the United States, Japan and the European Union (EU) to establish ground rules for China which stress reciprocity. Both the EU and the U.S. have imposed quotas considered unfair by China.<sup>34</sup> China is testing U.S. resolve on intellectual property rights. The U.S. should not give up unilaterally without securing a beneficial arrangement for our economy consistent with our moral principles. The United States should stand firm on democracy and human rights issues, and not yield to the temptations of economic gain. In the twenty-first century, economies will have a larger voice in world affairs, bypassing historical animosities. There is potential for China to have strong symbiotic ties with Japan, where Japan's capital and China's resources are a perfect match.<sup>35</sup>

### Notes

<sup>1</sup> Bedford, op. cit., p. 12.

<sup>2</sup> Robinson, op. cit.

<sup>3</sup> Purkitt, op. cit., p. 120.

<sup>4</sup> Ibid., p. 18.

<sup>5</sup> Khalilzad, op. cit., p. 196.

<sup>6</sup> Calder, op. cit., p. 122.

<sup>7</sup> David Shambaugh, ed. *Greater China: The Next Superpower?* Oxford, Great Britain: Oxford University Press, 1995, p. 143.

<sup>8</sup> Ibid., p. 217.

<sup>9</sup> Robinson, op. cit.

<sup>10</sup> Khalilzad, op. cit., p. 190.

<sup>11</sup> Ibid., p. 15.

<sup>12</sup> Croom, op. cit., p. 16.

<sup>13</sup> Robinson, op. cit.

<sup>14</sup> Khalilzad, op. cit., p. 28.

<sup>15</sup> James R. Lilley and Wendell L. Wilkie, eds. *Beyond MFN*, Washington, D.C.: American Enterprise Institute Press, 1994, p. 72.



## Notes

- <sup>16</sup> Ibid., p. 35.
- <sup>17</sup> Hammond maps copyright ©, Hammond Incorporated, Maplewood, N.J., CD-ROM: Microsoft Bookshelf '95.
- <sup>18</sup> Calder, op. cit., p. 45.
- <sup>19</sup> Ibid., p. 52.
- <sup>20</sup> Ibid., p. 58.
- <sup>21</sup> Ibid., p. 53.
- <sup>22</sup> Ibid., p. 57.
- <sup>23</sup> Ibid., p. 43.
- <sup>24</sup> Ibid., p. 134.
- <sup>25</sup> Lilley and Wilkie, op. cit., p. 117.
- <sup>26</sup> George F. Will. "Marx in a J. Press Suit," *Newsweek*, 9 June 1997, p. 88.
- <sup>27</sup> Pete Engardio. "Time for a Reality Check in Asia," *Business Week*, 2 December 1996, p. 62.
- <sup>28</sup> Ibid., p. 66.
- <sup>29</sup> John L. Petersen. *The Road to 2015*, Corte Madera, California: Waite Group Press, 1994, p. 253.
- <sup>30</sup> Lilley and Wilkie, op. cit., p. 3.
- <sup>31</sup> Petersen, op. cit., p. 253.
- <sup>32</sup> Purkitt, op. cit., p. 118.
- <sup>33</sup> Engardio, op. cit., p. 60.
- <sup>34</sup> Calder, op. cit., p. 183.
- <sup>35</sup> Papp, op. cit., p. 364.

## Chapter 4

### Issues and Consequences

*The linchpin to Asian security...has been the United States, with its bilateral security arrangements in the region and its status as the world's strongest and most technologically advanced military power. But increasingly, the United States has been reluctant to intervene militarily in different parts of the world.<sup>1</sup>*

—World Politics 96/97

There are four sensitive issues, from a Chinese perspective, different from energy and the economy. First, sovereignty at any cost. China does not want another “century of humiliation.” Therefore, border protection is important, as is Taiwan’s eventual incorporation. Second, peaceful external environment for economic development. China needs acceptance from the world economic powers. There has yet to be a satisfactory resolution to intellectual property rights, tariffs and reciprocal access. This is complicated by China’s internal lack of generally accepted accounting principles. The present trend is to declare and report less than actual production in Chinese provinces to avoid paying more tax to Beijing. Third, internal control of the state. Socialism is still at the core of party leadership; however, nationalism is supplanting communism as the dominant ideology. Fourth, restoration of Chinese pre-eminence in Asia. China is using the military, economic and diplomatic tools at its disposal to exert its influence. The Chinese government controls contracts, tying foreign diplomacy with access to Chinese markets.

Negotiating with a central government controlling economic development in a nation of 1.2 billion people is a formidable task for U.S. corporations. Managing these four issues will determine in part whether China remains a partner or becomes an adversary. Unsure of regional intentions, the United States maintains its Western Pacific commitment as signaled by only a 13% reduction in troop levels compared to a 50% reduction in Europe.<sup>2</sup> However, with declining military budgets, for the United States to maintain its influence in this region it may need to rely on less expensive instruments of power.

Future Sino-American relations will be conditioned by respective domestic politics and challenges to core national interests.<sup>3</sup> Both the U.S. and China are two very large and very proud nations with divergent historical backgrounds. Neither understands the other's political and social systems, therefore misperceptions prevail. China dislikes perceived imperialism by the United States. Likewise, the U.S. is against Chinese human rights violations. These two factors affected negotiating tactics used in the intellectual property rights struggle. U.S. sanction threats succeeded only after the EU and other nations supported the U.S. position. Intellectual property rights are a key obstacle in China's admission to the World Trade Organization.

U.S. policy toward China needs to be explained *to* and supported *by* the U.S. public to achieve unity of purpose and consistency within our government. The Chinese have observed vacillations in U.S. foreign policy actions such as: transporting General Aidid to the peace conference in Addis Ababa after he killed Americans in Somalia; allowing Haitian mobs to prevent U.S. troops from landing; and succumbing to European opposition to Serbian air strikes after their assault on Sarajevo.<sup>4</sup> The U.S. should concentrate on diplomatic dialogue through what a majority of policy makers call

"comprehensive engagement,"<sup>5</sup> which doesn't link foreign policy issues penalizing or rewarding China in one area for behavior in another. More progress may be made by linking business contracts with adherence to international norms and bilateral agreements in security, economics and human rights, China can be encouraged to increase democratic principles and increase political plurality. Note, however, there should not be complete substitution of business and trade relationships for military and political instruments of power. There was a similar faith in trade as a tranquilizer which disappeared with the guns of August 1914, as referred to in George Will's editorial.<sup>6</sup>

The United States must make it clear to the Chinese people and government that it does not want to interfere with their internal politics. U.S. East Asian policy should not be perceived by the Chinese as imperialistic. Jiang Zemin may eventually be forced to appear tough toward the United States so as not to appear caving in to Western influence. We should understand the difference between public and private dialogue. China considers publicly announced sanctions, deadlines, coercion and threats hegemonic behavior which it cannot publicly tolerate. Private dialogue promises a more constructive relationship. From a military perspective, military visits/exchanges would allow the PLA to develop respect for the capabilities of other nations.<sup>7</sup> U.S. military policy might include the PLA in bilateral organizations.

Jiang Zemin, Premier Li Peng and Vice Premier Qiao Shi will probably pursue a moderate course in international affairs for continued economic growth, developing closer diplomatic ties with economic and political rivals in East Asia and the Middle East (e.g., Iran) when it is in China's interest. From a U.S. perspective, China's recent intimidation of Taiwan is contrary to this policy. From China's perspective, Taiwan is a sovereignty

issue. The Chinese appreciate the stability of U.S. military presence in the near future, but only until they can match U.S. power.

China claims 80 percent of the South China Sea as territorial water since its energy supplies pass this way.<sup>8</sup> Looking at Figure 2, it is difficult to support this claim. Energy sources are East Asia's single greatest vulnerability, driving it toward nuclear power, deepening tensions over offshore oil prospects, and inspiring naval rivalry over energy sea lanes.<sup>9</sup> Unfortunately, as Calder points out, "The U.S. government has few good institutional mechanisms for detecting, assessing, interpreting, and responding to economic developments across the Pacific."<sup>10</sup> The Department of Energy still uses 70 percent of its budget in the nuclear weapons arena. Most of the top ranks of American bureaucracy are political appointees. The U.S. has been left without high-level, long term strategic planning due to budget cutbacks and Congressional tendencies to reward high visibility,

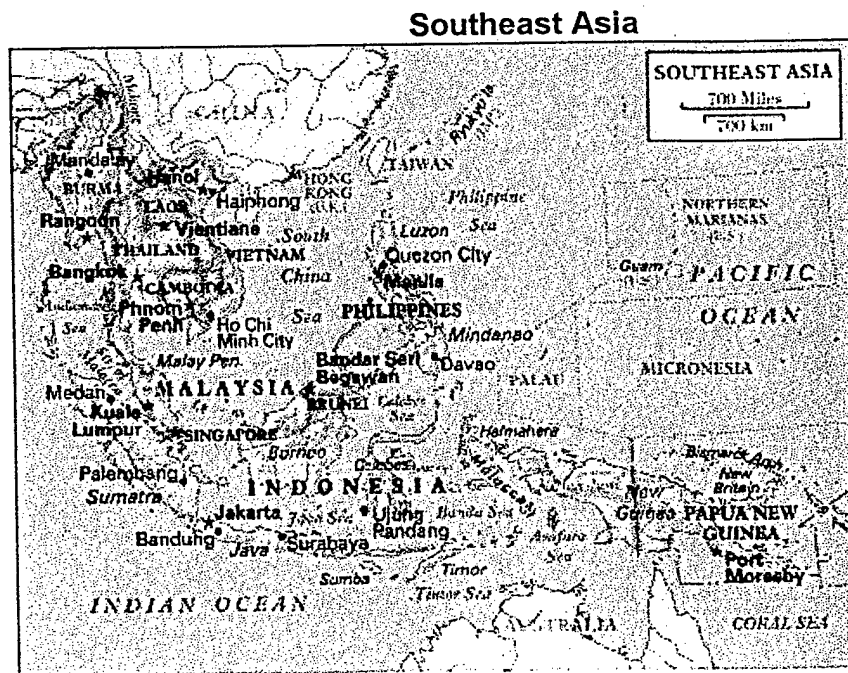


Figure 2<sup>11</sup>

short-term projects versus those with long-term payback.<sup>11</sup> Lack of long range planning will not be noticeable until years in the future - when it is too late!

Energy is a security priority which must be addressed now. Calder believes the U.S. should concentrate on increasing Chinese energy self-sufficiency, reducing China's use of coal and subsequent acid rain on Japanese and Korean forests, and teaching energy conservation.<sup>12</sup> It is obvious China will need to invest in drilling technology or increase imports as East Asian energy supplies gradually decrease. Indonesia is not drilling the two hundred wells a year needed to maintain its current level of production.<sup>13</sup> The U.S. should maintain a stabilizing presence in East Asia, otherwise China may eventually force its way into whatever energy resource it desires from the Strait of Hormuz to the West Pacific (yellow line, Figure 3).

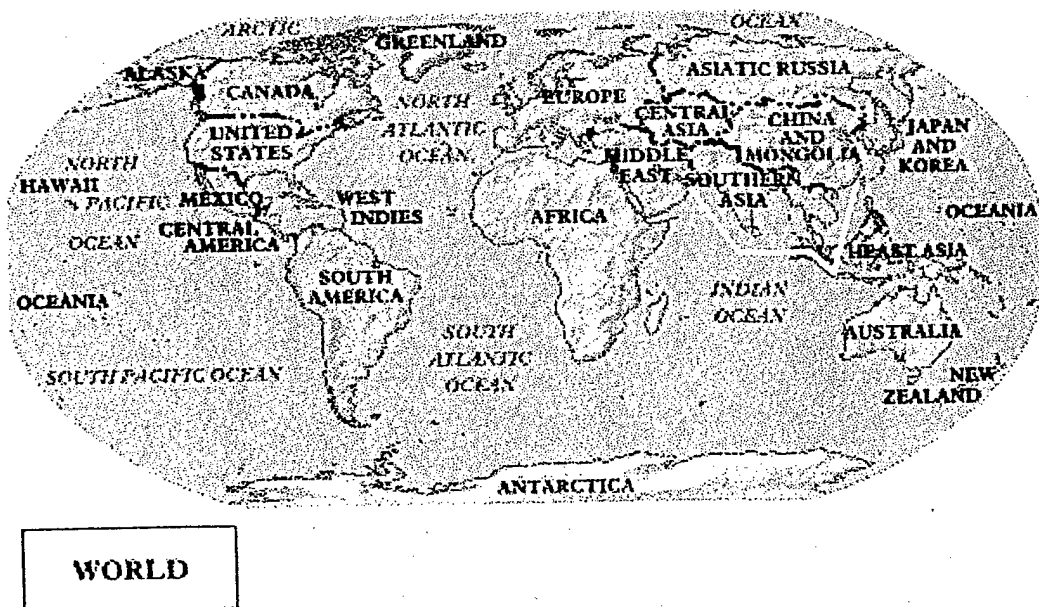


Figure 3<sup>14</sup>

East Asian nations will compete for energy resources, but can the Pacific Rim countries work together to become a Pacific community?<sup>15</sup> In Japan's case, yes, but Taiwan is less fortunate. In 1993, Japanese investment in China was \$2.5 billion. Japan, China's historic enemy, is now its largest trading partner.<sup>16</sup> However, issues such as Taiwan's autonomy are of greater concern to Beijing. Tiny Taiwan is perhaps Beijing's primary security concern, above western border nations with an anti-China tilt such as Kazakhstan. Deng Xiaoping cited five conditions which would provoke a Chinese military attack on Taiwan:

1. Taiwanese nuclear capability,
2. Taiwan-Russia entente,
3. Outbreak of extreme political disorder on Taiwan,
4. Declaration of Taiwan independence,
5. Rejection of unification talks.<sup>17</sup>

Although Taiwan is self-sufficient in food, it has only two months of petroleum and would be economically crippled by just the threat of a naval blockade since commercial insurance rates would skyrocket. Taiwan may be tempted to initiate a first strike, but with 300,000 men under arms versus China's three million, this maneuver would be unsustainable and suicidal.

In the 1970's, China welcomed American presence in Southeast Asia as a counter to the Soviets who were supporting the fourth largest army in the world - Vietnam.<sup>18</sup> Now that the Soviet Union has disintegrated, both sides need to step back and realize their larger national interests to avoid a new cold war. Recently, there have been two strategies toward China. One was the "missionary impulse," with the goal of inducing change in China. The second has been the "open and closed door" approach from the Republican Congress advocating external pressure and sanctions to isolate China internationally and

the regime domestically.<sup>19</sup> The Clinton Administration came to office with the "missionary impulse," with former Secretary of State Christopher crafting American policy to "peacefully evolve China toward democracy."<sup>20</sup> However, persistently reminding Chinese officials to follow the agreements they have already accepted is the key to success.<sup>21</sup> Progress in opening China's markets enough to join the WTO and a Chinese gesture toward human rights would bolster President Clinton's efforts to engage China with what Secretary of State Albright called a "multi-faceted" policy.<sup>22</sup>

"We should expect China to have ambivalent feelings about the United States for the foreseeable future," according to Deputy CIA Director John Gannon.<sup>23</sup> He further states China recognizes the stabilizing role the U.S. has played in East Asia, but believes this role now belongs to China. The real question is how will China use its new power? Unfortunately, according to former CIA Director Deutch, "No single Chinese leader, including President and party chief Jiang Zemin, appears in a position to dominate the Chinese political scene as Deng has for the last 15 years."<sup>24</sup> Beijing is progressing with economic reform, but is still burdened with deficit-ridden state enterprises and extracting more taxes from reluctant localities.

As we deal with China, we should evaluate our national security objectives and make sure our Southeast Asia strategy complements our national strategy.<sup>25</sup> Recommendations include defining "engagement" on a bipartisan level, clearly stating the U.S. position regarding Taiwan and P.R.C. unification, using business as a stabilizing force, and decoupling the Taiwan-China issue.<sup>26</sup> Linking certain behavior to security is dangerous, too, as it undermines our security commitment. This is why we must be careful when using this approach with Japan. Our security demands a constructive relationship. We



know China is sensitive to Western domination and over-influence. Our approach should present China with a symbiotic need for Western technology, assistance, and economic goods in return for more open markets and political freedom. By engaging China multilaterally as it transitions to a market based economy, China will learn certain unfair trade practices are unacceptable among nations. Economic leverages might be used as a new deterrent instrument to encourage China to stop proliferation of weapons of mass destruction (WMD).<sup>27</sup>

#### Notes

- <sup>1</sup> Helen Purkitt, op. cit., p. 107.
- <sup>2</sup> Ibid.
- <sup>3</sup> Purkitt, op. cit., p. 44.
- <sup>4</sup> Lilley and Wilkie, op. cit., p. 53.
- <sup>5</sup> Ibid., p. 41.
- <sup>6</sup> Will, op. cit., p. 88.
- <sup>7</sup> Robinson, op. cit.
- <sup>8</sup> Calder, op. cit., p. 8.
- <sup>9</sup> Calder, op. cit., p. 182.
- <sup>10</sup> Ibid., p. 177.
- <sup>11</sup> Ibid., p. 178.
- <sup>12</sup> Calder, op. cit., p. 203.
- <sup>13</sup> Calder, op. cit., p. 49.
- <sup>14</sup> Hammond maps copyright ©, Hammond Incorporated, Maplewood, N.J., CD-ROM: Microsoft Bookshelf '95.
- <sup>15</sup> Purkitt, op. cit., p. 106.
- <sup>16</sup> Ibid., p. 106.
- <sup>17</sup> Calder, op. cit., p. 31.
- <sup>18</sup> David J. Myers, ed. *Regional Hegemons: Threat Perception and Strategic Response*. San Francisco: Westview Press, 1991, p. 199.
- <sup>19</sup> Purkitt, op. cit., p. 44.
- <sup>20</sup> Ibid., p. 45.
- <sup>21</sup> Lilley and Wilkie, op. cit., p. 76.
- <sup>22</sup> Steven Myers, op. cit.
- <sup>23</sup> John Gannon, Deputy DDI, Central Intelligence Agency. Address. College of the Holy Cross, Worcester, Ma., 20 November 1996.

## Notes

<sup>24</sup> John M. Deutch, Director of Central Intelligence. Worldwide Threat Assessment Brief, Senate Select Committee on Intelligence, Washington, D.C., 22 February 1996.

<sup>25</sup> Bedford, op. cit., p. 19.

<sup>26</sup> Croom, op. cit., p. 19.

<sup>27</sup> Ibid., p. 20.

## Chapter 5

### Deterrence

*Brute force succeeds when it is used, whereas the power to hurt is most successful when held in reserve. It is the threat of damage, or of more damage to come, that can make someone yield or comply.*

- Thomas C. Schelling  
*Arms and Influence*

What constitutes effective deterrence for China? Obviously, the same methods used for the USSR are not suitable for the PRC. This chapter provides a conceptual understanding of deterrence and compellence, then transforms deterrent principles from the Cold War into a Sino-U.S. relationship.

Culture, values and issues previously mentioned in this paper are the benchmark from which to develop bargaining chips. Thomas Schelling, author of several books on deterrence, defines pure bargaining chips as things a country has no real interest in but which the other side does. They are trading assets, accomplished by one side at little cost but posing a real problem for the other side.<sup>1</sup> For example, we know the Chinese leadership desires to remain in power. To accomplish this goal, they must keep the Chinese population satisfied with economic growth. Sustained economic growth requires new energy sources, streamlined government industries, and decentralized political reform allowing greater freedom. Affecting or threatening to affect these Chinese centers of gravity might modify China's behavior. At the end of the Cold War, deterrence must no

longer be expressed in terms of megatons but rather in economic terms through imports and exports. Deterrence involves setting the stage and waiting for the opponent to act.

Compellence on the other hand, usually involves initiating or projecting punishment that can cease or become harmless only if the opponent acts.<sup>2</sup> Both compellence and deterrence must be well planned with credible threats. One must not box themselves into a situation known to the enemy. China knows the U.S. is sensitive to restricted market access, use of military force against Taiwan and Tibet, and increased support to radical Muslims (e.g., Iran) through its seat on the UN Security Council.<sup>3</sup> However, deterrence is not about estimating enemy intentions, it is about influencing them.<sup>4</sup> For the U.S. to influence China, we must know their intentions and fears.

China fears trade restrictions, displays of military force, diplomatic pressure from the UN and ASEAN, and potential theater missile defense over Japan, Taiwan, and the ROK. Beijing is also sensitive to unstable ethnic regimes on its Central Asian border posing an external threat to domestic order.<sup>5</sup> To the north of China, Russian strategic forces may serve to balance China's arms buildup. Russia retains 1/3 of its strategic missiles in Delta III-class SLBMs and MiG-31 interceptors at Dolinsk Sokol on the southern tip of Sakhalin, and Su-24 and Su-27 aircraft at Vladivostok. Threatening what China values forces China to divert resources from other parts of their national budget. Locating the center of gravity which China will respond to without making the cost so high it cannot be defended can be difficult.<sup>6</sup> Targeting China's energy sources, technology base, and export markets produce three non-military targets. If developed similar to Western architecture, targeting China's information network in the future would be an excellent center of gravity. Using a systems targeting approach would be valuable. Colonel John Warden's

(USAF, Ret.) Five Rings systems approach is one candidate model to "drive the system level 'inside' China where it [would be] containable and not threatening."<sup>7</sup> If we know which systems affect the enemy most, these can be chosen in selecting deterrent options.

The opposite side of deterrence is appeasement, which can be equally risky for democratic governments as was evident in Britain before World War II. Democratic governments have a difficult time reaching official consensus and gaining public support when appeasement ends and military force begins.<sup>8</sup> Usually, the required military preparations have not been made during a time of appeasement, and the opponent realizes he cannot be threatened with enough pain to outweigh his expected gain.<sup>9</sup> Using limited war as a deterrent to aggression is only effective if both sides understand the probability and consequences of a greater war.<sup>10</sup>

It is hoped the Sino-U.S. relationship will be stable and not need to use the aforementioned deterrent concepts and principles. Stability, as defined by Schelling, is "a balance of deterrence described as 'stable' when it is reasonably secure against shocks, alarms and perturbations."<sup>11</sup> Although China may have the capability for a premeditated strategic attack against the United States with a handful of Dong Feng (DF-5) missiles, this attack has a low probability due to U.S. intelligence monitoring and retaliatory capabilities which reduces our shock and alarm. According to Owen Cote, Jr., a Harvard University international security scholar, "China's objective is the same as that of France and Britain - to be considered one of the world's five major powers along with the U.S. and Russia."<sup>12</sup>

Chapter 3 mentioned oil and hydroelectric energy projects in which China could use Western technology and investment. We have become familiar with military deterrence

over the past several decades. However, the United States should abandon deterrence philosophy in paradigms of nuclear megatons and consider economic and technological instruments for future deterrence. This form of "soft" deterrence requires rational leaders who are committed to conflict avoidance, because the first time economic deterrence fails nations will revert to military weapons.

### Notes

<sup>1</sup> Thomas C. Schelling, *Choice and Consequences*. Cambridge: Harvard University Press, 1984, p. 258.

<sup>2</sup> Ibid., p. 71-72.

<sup>3</sup> Robinson, op. cit.

<sup>4</sup> Ibid., p. 35.

<sup>5</sup> Khalilzad, op. cit., p. 192.

<sup>6</sup> Thomas C. Schelling, *Choice and Consequences*. p. 282.

<sup>7</sup> Colonel John Warden, Operational Structures 504 lecture, Air Command and Staff College, Maxwell AFB, AL, 5 November 1996.

<sup>8</sup> Fred Charles Ikle, *Every War Must End*. New York: Columbia University Press, 1991, p. 115.

<sup>9</sup> Ibid., p. 114.

<sup>10</sup> Thomas C. Schelling, *The Strategy of Conflict*. Cambridge: Harvard University Press, 1980, p. 190.

<sup>11</sup> Thomas C. Schelling, *Arms and Influence*. New Haven, Connecticut: Yale University Press, 1966, p. 50.

<sup>12</sup> Joseph C. Anselmo, "U.S. Eyes China Missile Threat." *Aviation Week and Space Technology* 145, no. 17 (21 October 1996), p. 23.

## Chapter 6

### Arms Control Participation

The essential feature of arms control is the recognition of a common interest.<sup>1</sup> China's military modernization and past lack of arms control adversely affects the security interests of other East Asian nations and challenges U.S. interests in the West Pacific and Middle East. Japan, Russia, India, and Indonesia oppose China's attempts to dominate the region. Although China recognizes the importance of the United States as an economic market and technology source, Chinese writings and strategy on international security express hostility to U.S. predominance and imply the need to balance it.<sup>2</sup> Although China is at least ten years away from becoming a serious global rival by itself, it does pose a regional security dilemma.

East Asian nations are in a naval arms race to transform coastal defenses to long range navies. In this region of the world, the sea lanes for transporting Middle East oil must be secure, regional armed conflict must be deterred, and regional cooperation must be promoted.<sup>3</sup> For example, Indonesia bought the entire East German navy and plans to deploy as many as 20 FG-90 class frigates by the late 1990's. Indonesia, Malaysia, Singapore, and Thailand are investing in mobile combat forces and long range bomber/attack squadrons while acquiring Harpoon and Exocet antiship missiles. Thailand also commissioned a Spanish-built 9,500 ton helicopter carrier.<sup>4</sup> These acquisitions may

be a reaction to China reportedly acquiring rights potentially leading to a naval presence in the Gulf of Martaban in Myanmar northwest of the Strait of Malacca, through which most of China's oil imports pass. China's interest in naval power projection even extends to Tanzania.<sup>5</sup> Why is there such a regional arms buildup?

One reason may be China's long range planning for oil sources to fuel its economy. Another reason may be political. When the Cold War ended, the "China card" was devalued and China found itself geopolitically naked. This and the results of Desert Storm's high-tech warfare made military modernization a national security priority.<sup>6</sup> Fortuitously for China with hard currency from multibillion dollar trade surpluses, the Soviet Union was beginning the biggest military yard sale in history. In addition to the weaponry mentioned in chapter 3, China purchased Tu-22 long range bombers, S-300 ground based ABMs, and A-50 airborne command and control planes from Russia.<sup>7</sup> China contracted fifteen hundred Russian engineers and technicians to produce a Chinese version of Russia's MiG-31 strategic interceptor.<sup>8</sup> Hundreds more engineers were placed on retainer through an elaborate electronic network linking Russian and Chinese defense research industries, further accelerating Chinese aerospace and nuclear programs. China is testing a Su-27UB uniquely equipped with wing-tip electronic counter measures pods believed for ship and radar detection.<sup>9</sup>

Chinese defense spending is camouflaged in the civilian budget, with the defense budget receiving cross-subsidies from profitable nonmilitary operations of defense enterprises such as nightclubs and food production. Ice cream profits from the Baskin-Robbins 31 Flavors Beijing branch reportedly flow into the People's Liberation Army budget.<sup>10</sup> The United States must not be deceived into believing China's defense spending



is not a priority just because its percentage of Gross National Product may not equate to a comparable U.S. percentage.

Ultimately, it is not Chinese power projection which is destabilizing to the region, but the combination of Chinese nuclear and missile-related assistance to Iran, supplemented by related aid from Russia and North Korea. According to Calder, "As China becomes a major oil importer, its ties with the low-cost global oil producer, the Middle East, will naturally deepen."<sup>11</sup> Some of these countries, like Iran and Iraq, will want sophisticated arms and technology from China, which to some degree is on distant or estranged terms with the West.

Chinese arms sales to Iran indirectly threaten, not only Saudi Arabia, Kuwait and Israel, but half the earth's oil trade and U.S. energy supplies through the employment of Silkworm missiles along the Strait of Hormuz.<sup>12</sup> Since 1989, China has sold Iran more than \$1 billion in weapons, including the HY-2 Silkworm and C-801 antiship missiles. China established an assembly plant in Iran to produce the M-9 and M-11 intermediate-range ballistic missiles. Through legal Chinese aid, Iran is developing a nuclear infrastructure with covert methods to hide weapon development. In 1990, China and Iran signed a 10 year agreement whereby Beijing would build research reactors and supply calutrons while teaching the Iranians equipment operation.<sup>13</sup> Such extensive foreign assistance shortens the time before Iran produces a nuclear weapon.<sup>14</sup> U.S. foreign policy is adversely affected by Chinese foreign aid to rogue nations such as Iran.

As East Asia continues its arms race, how will U.S. political and public support for West Pacific change? Among a general public survey conducted by the Chicago Council on Foreign Policy Relations in 1995, the top response to the biggest foreign policy

problems facing the United States were "getting involved in the affairs of other countries (19%).<sup>15</sup> According to the same 1995 poll, U.S. public support for defending American allies was ranked "very important" by only 41% of the public, compared to 61% in 1990. U.S. political leadership must clearly educate the public and build support for U.S. objectives and policies if the U.S. plans to maintain influence in the West Pacific.

The United States is experiencing increasing isolationist sentiment, without a strong commitment to offshore deployment of military forces for allied defense. It is not in U.S. interests to sever ties with China or isolate it. U.S. strategy should include ensuring Taiwan and the Association of East Asian Nations have the capability to defend themselves as a counter to Chinese expansionism. The United States should engage China at higher diplomatic levels to stress arms control issues. During Secretary of State Christopher's reign, he made 28 trips to Damascus and one trip to Beijing.<sup>16</sup> This situation has improved with Vice President Gore's March 1997 visit. Future high level diplomatic visits might consider tying reduced Chinese weapon exports to nations such as Iran with U.S. economic incentives supporting China's economy or developing energy resources.

Obviously, China's weapons exports must be closely tracked. Weapons sales to Iran have the potential to destabilize the flow of oil through the Strait of Hormuz, impacting the world. U.S. policy must tie economic or technological leverages with Chinese arms control participation for Sino-U.S. relations to improve. The U.S. may be compelled to deter future Chinese WMD exports through economic, political or information methods.

## Notes

- <sup>1</sup> Thomas C. Schelling, *Strategy and Arms Control*. McLean, Virginia: Pergamon Press, 1980, p. 2.
- <sup>2</sup> Khalilzad, op. cit., p. 28.
- <sup>3</sup> Bedford, p. 3.
- <sup>4</sup> Calder, op. cit., p. 144.
- <sup>5</sup> Ibid., p. 143.
- <sup>6</sup> Ibid., p. 145.
- <sup>7</sup> Ibid., p. 146.
- <sup>8</sup> Calder, op. cit., p. 145.
- <sup>9</sup> David A. Fulghum, "China Broadens List of Air Combat Exports." *Aviation Week and Space Technology* 145, no. 25 (16 December 1996), p. 22.
- <sup>10</sup> Calder, op. cit., p. 3.
- <sup>11</sup> Ibid., p. 123.
- <sup>12</sup> Ibid., p. 123.
- <sup>13</sup> Ibid., p. 123.
- <sup>14</sup> Deutch, op. cit.
- <sup>15</sup> Calder, op. cit., p. 164.
- <sup>16</sup> Robinson, op. cit.

## Chapter 7

### What Lies Ahead?

*In the end, U.S. China policy will be judged by results.*

- James Lilley and Wendell Wilkie  
*Beyond MFN*

Will China become a democracy, and if so, when? Henry Rowen of Sanford's Hoover Institution gives the year 2015 as his answer.<sup>1</sup> He notes that Spain, Portugal, Chile, Argentina, Taiwan and South Korea shifted to democracies when their per capita income was between \$5000 and \$6000. If one accepts his premise, by 2015 China's per capita income will be between \$7000 and \$8000 (in 1995 dollars). Rowen concludes, "By the time China has the world's largest economy - toward the middle of the next century - it may well have been the world's largest democracy for several decades."<sup>2</sup> I believe U.S. foreign policy should cooperatively engage China, but not to the extent China is enriched with no incentive for democratization. Would U.S. foreign policy toward the U.S.S.R. have been different in the 1980's if we knew the U.S.S.R. would have collapsed by 1992? Rowen's premise may be accurate, but I hesitate applying a standard model or template on every situation. The United States must know its interests and destiny first, then incorporate economic, political and military instruments of power to achieve its objectives.

The United States and China are at a crossroads on the beginning of the twenty-first century. The United States should capitalize on China's thirst for technology to satisfy its growing economy and associated infrastructure. Direct public coupling of Chinese human rights issues with economic sanctions or quotas has some effect on China. However, again columnist George Will asks, "How exactly does a U.S. trade regulation 'isolate' 21 percent of the world's population? Exports to the United States contribute only about 3 percent of China's GDP, so there is more than a trace of hubris in the notion that China's regime would be shaken by denial of normal access to the American market."<sup>3</sup> Although there is evidence China provided nuclear weapons technology to Pakistan in violation of the Non-Proliferation Treaty, imposing the resultant economic sanctions impacts American business by \$10 billion.<sup>4</sup> Should the United States place economic profits above human rights and security issues? No! The U.S. should not abandon its moral principles because once they have been compromised, they can never be regained. U.S. government actions should promote a level international playing field and not place U.S. corporations at a distinct disadvantage.

China signed the Comprehensive Test Ban Treaty in September 1996 after conducting 45 nuclear tests compared to about 1,000 for the United States.<sup>5</sup> Although China is interested in the SS-18 MIRV technology for its 15 DF-5 missiles (giving 150 warheads), it has yet to produce a credible intercontinental threat. China's main power projection will probably be focused within the West Pacific to protect its maritime commerce routes and oil imports, and acts of intimidation such as the 1996 Taiwan missile tests.

Internationally, China will orient non-aligned nations against Western interests to deflect external political attacks. We must conduct an intense self-examination of what

our strategic long-term interests are and what we are willing to defend. Afterwards, the United States must communicate these objectives through quiet diplomacy to the Chinese. The days of affording large standing armed forces are over. Military visits and exchange programs could further mutual respect and understanding among East Asian nations. Future instruments of power will concentrate on more non-military objectives such as economics. Although the Chinese have observed U.S. foreign policy vacillations over the years, they still have respect for U.S. economic and military power.

As long as rational leaders govern China, the United States should be a future partner to China. China will need global economic cooperation and technology to satisfy its population with a modern infrastructure and basic necessities, such as food. China has 1/5<sup>th</sup> of the world's population and 1/15<sup>th</sup> of its arable land. Grain production is land-intensive rather than labor intensive. Calder cites, "Theories of comparative advantage dictate that China should move away from commodity farming and into manufacturing, which seems exactly what is happening."<sup>6</sup> The Chinese rising demand for meat, highlighted by McDonald's hamburgers pushing Beijing's beef demand up by 150 percent in one year, is exacerbated by Chinese farmers needing four pounds of feed grains to produce one pound of meat.<sup>7</sup> Recent forecasts for Chinese grain imports to reach fifty million metric tons in the next decade and half of total current global grain exports (90 million metric tons) by 2030, point to a Chinese need for a peaceful and stable East Asia economy.

China has many critical areas and sensitive issues the U.S. can exploit, peacefully or otherwise. These critical areas are its four cornerstones, mentioned earlier, and technology transfer. China's sensitive issues include sovereignty, internal political control,

peaceful environment for economic growth, and a restoration of regional pre-eminence. Politically, the United States should concentrate on private diplomacy stressing economic cooperation backed by an effective military instrument of power. Public announcements condemning China or tying Chinese political freedoms to trade privileges can be counterproductive. Militarily, China does not pose a current threat, yet. However, Chinese doctrine favors deception, so the U.S. must continue to monitor China's military capabilities. Economically, China is on the verge of using its economic power to impact regional politics and diplomacy. It is in the United States' interests to seek an economic partnership with China, a partnership built on mutual respect and cooperation and not an asymmetric trade relationship. Unless we begin planning long term, the United States may be forced to react to the most populous nation and largest economy with less than favorable odds in the twenty-first century.

#### Notes

<sup>1</sup> Will, op. cit., p. 88.

<sup>2</sup> Ibid., p. 88.

<sup>3</sup> Ibid., p. 88.

<sup>4</sup> Bedford, op. cit., p. 11.

<sup>5</sup> Anselmo, op. cit., p. 23.

<sup>6</sup> Calder, op. cit., p. 124.

<sup>7</sup> Ibid., p. 124.

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